

DEPARTMENT OF SOCIAL SERVICES  
744 P Street, Sacramento, CA 95814



July 10, 1985

ALL-COUNTY LETTER NO. 85-76

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: THE BUDGET ACT OF 1985 COST-OF-LIVING ADJUSTMENTS THAT  
AFFECT IN-HOME SUPPORTIVE SERVICES

REFERENCE: ACIN I-109-84, ACIN I-02-85

The purpose of this letter is to clarify policy regarding Cost-Of-Living Adjustments (COLAs) provided for in the 1985 Budget Act for the In-Home Supportive Services (IHSS) Program. The COLAs will increase the recipient benefit maximums and provider wages and benefits for the 1985/86 Fiscal Year. The benefit maximums for the Supplemental Security Income/State Supplemental Program (SSI/SSP) will remain the same until January 1986. You will be notified about the January 1986 SSI/SSP benefit level changes when the new rates have been established.

#### RECIPIENT BENEFIT LEVELS

The July 1, 1985-June 30, 1986 IHSS recipient benefit maximums are:

- |                              |                                    |
|------------------------------|------------------------------------|
| 1. Severely Impaired         | \$974.00 (MPP 30-765.111)          |
| 2. Non-Severely Impaired     | \$674.00 (MPP 30-765.121)          |
| 3. Restaurant Meal Allowance | \$ 55.00 (MPP 30-757.134(a)(1)(A)) |

#### PROVIDER COLAS

Item 5180-181-001 of the Budget Act of 1985 made available \$12,266,000 from the State General Fund to support a wage and benefit increase for IHSS Providers. When combined with county 10 percent matching funds, a total of \$13,629,000 is available statewide to provide a four percent increase in wages and benefits for all IHSS providers effective July 1, 1985. If for any reason payment cannot begin on the next scheduled payday after July 1, 1985, retroactive paychecks shall be provided back to July 1, 1985. Funds appropriated under this budget item are to be used only for the IHSS provider wage and benefit increases. All counties must grant cost-of-living adjustments at the four percent rate specified in the Budget Act. Counties may grant COLAs in excess of that percentage; however, State funding is not available for those amounts in excess of the four percent. COLA is defined as all wage and benefit increases not including merit, step, longevity salary adjustments, or employment taxes. Employment taxes (FICA, Workers Compensation, Unemployment, etc.) which increase as a result of the

COLA increase are to be paid out of the regular IHSS base allocation. For purposes of this Budget Act, providers are those workers who provide domestic services, non-medical personal services, and those related services necessary to enable a recipient to remain safely at home. These include Individual Providers, Contract Providers, and County Welfare Providers. County Welfare staff who are first-line provider supervisors shall be considered providers.

Since this year's Budget Act requires all IHSS providers to receive a four percent increase, the Department will automatically issue the increase for IHSS Individual Providers who are paid through the statewide IHSS Payrolling System. Implementation of the increases is necessary for the County Welfare Staff Provider and the Contract Provider service delivery modes effective July 1, 1985 as specified below.

#### County Welfare Staff Providers

Counties may use their own county mechanism for granting county-employed IHSS provider wage and benefit increases, but such increases must be at least four percent. Counties who grant wage and benefit increases to their county welfare staff providers in excess of the four percent must fund the excess out of county funds.

#### Contract Providers

This year's Budget Act also guarantees all contract providers a four percent increase effective July 1, 1985. Existing contracts will require contract amendments in order to fulfill this requirement.

Contracts obtained through the competitive bid process, including the second year of a two-year contract, effective on or before July 1, 1985, are also required to add on the four percent COLA increase in accordance with the Budget Act. State funds will not be provided for COLAs on new contracts awarded after July 1, 1985. Regarding the second year of a competitively bid two-year contract, scheduled increases after July 1, 1985 above the four percent COLA will be funded from the base allocation. Increases resulting solely from the competitive bid process are not considered COLAs and therefore, are totally fundable from the IHSS base allocation.

The COLA is computed by applying four percent to the total provider wages and benefits (excluding employer taxes) as of July 1, 1985. Any COLA over the four percent shall not be paid from the COLA allocation nor the IHSS Base allocation.

The 1985 Budget Act also requires a four percent COLA for renewed and renegotiated contracts effective July 1, 1985. Renewed contracts are

the third year of a competitively bid (Welfare and Institutions Code, Section 12302.1) two year contract. Renegotiated contracts refer to all other contract situations that are not awarded through the competitive bid process, e.g., contracts that are extended or negotiated due to an unanticipated change of circumstances. Renewed and renegotiated contract provider wage and benefit increases effective after the July 1, 1985 COLA, other than merit, step, longevity salary adjustments, or employment taxes, are considered COLAs and are not fundable over the four percent budgeted by the State. If a renewed or renegotiated contract is negotiated at a higher rate, the amount of this increase which is not directly attributable to wages and benefits will be funded from the IHSS Base Allocation.

The actual wage and benefit increase allocations including 90% state and 10% county matching funds will be included in each county's total IHSS allocation and will be forthcoming via a separate All-County Letter.

If you have any questions regarding this information, please contact the Adult Services Bureau at (916) 322-6320.



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